



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9942]

RIN 1545-BP53

### Small Business Taxpayer Exceptions Under Sections 263A, 448, 460 and 471; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correcting amendments.

**SUMMARY:** This document contains corrections to the final regulations Treasury Decision 9942, that were published in the **Federal Register** on Tuesday, January 5, 2021. The final regulations implemented legislative changes that simplify the application of certain tax accounting provisions for eligible businesses with average annual gross receipts that do not exceed \$25,000,000, adjusted for inflation.

**DATES:** These corrections are effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. For dates of applicability, see §§1.263A-1(a)(2)(i), 1.263A-1(m)(6), 1.263A-2(g)(4), 1.263A-3(f)(2), 1.263A-4(g)(2), 1.263A-7(a)(4)(ii), 1.381(c)(5)-1(f), 1.446-1(c)(3), 1.448-2(h), 1.448-3(h), 1.460-1(h)(3), 1.460-3(d), 1.460-4(i), 1.460-6(k), and 1.471-1(c).

**FOR FURTHER INFORMATION CONTACT:** Concerning §§1.460–1 through 1.460–6, Innessa Glazman, (202) 317–7006; concerning all other regulations in this document, Anna Gleysteen, (202) 317–7007.

## **SUPPLEMENTARY INFORMATION:**

### **Background**

The final regulations (TD 9942) that are the subject of this correction are issued under sections 263A, 448, 460, and 471 of the Internal Revenue Code.

### **Need for Correction**

As published on January 5, 2021 (86 FR 254), the final regulations (TD 9942) contain errors that need to be corrected. In addition, a correction to Example 1 in § 1.263A-4(a)(5)(iii) is being made to conform to the statutory amendments made to section 263A by section 13102 of Public Law 115-97 (131 Stat. 2054), commonly referred to as the Tax Cuts and Jobs Act.

### **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

### **Correction of Publication**

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

### **PART 1--INCOME TAXES**

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 1.263A-0 is amended by adding the entries for §1.263A-1(m)(1) through (5) to read as follows:

#### **§ 1.263A-0 Outline of regulations under section 263A.**

\* \* \* \* \*

#### **§ 1.263A-1 Uniform Capitalization of Costs**

\* \* \* \* \*

(m) \* \* \*

(1) In general.

- (2) Mixed service costs; self-constructed tangible personal property produced on a routine and repetitive basis.
- (3) Costs allocable to property sold; indirect costs; licensing and franchise costs.
- (4) Materials and supplies.
- (5) Definitions of section 471 costs and additional section 263A costs.

\* \* \* \* \*

#### **§1.263A-4 [Amended]**

**Par. 3.** Section 1.263A-4 is amended by:

1. Removing the language “(a)(4)” from the first sentence of paragraph (a)(1) and adding “(a)(5)” in its place,
2. Adding the language “(a)(3)” to the first sentence of paragraph (a)(4), after the language “(a)(2),”,
3. Removing the language “(a)(4)” from paragraph (a)(5)(iii) and adding “(a)(5)” in its place, and
4. Removing the last sentence of paragraph (a)(5)(iii) *Example 1*.

**Par. 4.** Section 1.263A-15 is amended by adding paragraph (a)(5) to read as follows:

#### **§ 1.263A–15 Effective dates, transitional rules, and anti-abuse rule.**

(a) \* \* \*

(5) The last sentence of each of §1.263A-8(a)(1) and §1.263A-9(e)(2) apply to taxable years beginning on or after January 5, 2021. However, for a taxable year beginning after December 31, 2017, and before January 5, 2021, a taxpayer may apply the last sentence of each of §1.263A-8(a)(1) and §1.263A-9(e)(2), provided that the taxpayer follows all the applicable rules contained in the regulations under section 263A for such taxable year and all subsequent taxable years.

\* \* \* \* \*

## **§1.448-2 [Amended]**

**Par. 5.** Section 1.448-2 is amended by removing the language “(g)(3)” from the sixth sentence of paragraph (g)(1) and adding “(g)” in its place.

**Par. 6.** Section 1.460–0 is amended by revising the entry for §1.460-3(b)(3) and adding entry (b)(3)(iii) to read as follows:

### **§1.460-0 Outline of regulations under section 460.**

\* \* \* \* \*

#### *§1.460-3 Long-term construction contracts.*

\* \* \* \* \*

(b) \* \* \*

(3) Gross receipts test.

\*\*\*

(iii) Method of accounting.

\* \* \* \* \*

## **§1.460-3 [Amended]**

**Par. 7.** Section 1.460-3 is amended by removing the language “Example” from the heading of paragraph (b)(3)((ii)(D) and adding “Examples” in its place.

**Par. 8.** Section 1.460-6 is amended by revising the second sentence of paragraph (c)(3)(vi) to read as follows:

### **§ 1.460-6 Look-back method.**

\* \* \* \* \*

(c) \* \* \*

(3) \* \* \*

(vi) \* \* \* Thus, the taxes, if any, imposed under sections 55 and 59A (relating to alternative and base erosion minimum tax, respectively) must be taken into account.\*\*\*

\* \* \* \* \*

Crystal Pemberton,  
Senior Federal Register Liaison,  
Legal Processing Division,  
Associate Chief Counsel,  
(Procedure and Administration).

[FR Doc. 2021-12550 Filed: 6/16/2021 8:45 am; Publication Date: 6/17/2021]